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December 15, 2023

NWN OPUC Advice No. 23-28

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
Attn: Filing Center
201 High Street SE, Suite 100
PO Box 1088
Salem, Oregon 97308-1088

Re: February 2024 Bill Adjustments – Schedule 185 Special Annual Interstate and Intrastate Storage and Transportation Credit; and Schedule 186 Special Annual Core Pipeline Capacity Optimization Credit

Northwest Natural Gas Company, dba NW Natural (NW Natural or Company), files herewith the following tariff sheets stated to become effective with service on and after February 1, 2024:

Fourteenth Revision of Sheet 185-1	Schedule 185	Special Annual Interstate and Intrastate Storage and Transportation Credit
Fourteenth Revision of Sheet 186-1	Schedule 186	Special Annual Core Pipeline Capacity Optimization Credit

Purpose

The purpose of this filing is to revise Schedule 185 and Schedule 186, respectively, to reflect the per-therm credit used to calculate the lump sum amount to be applied to the bills of residential and commercial customers served under Rate Schedules 2, 3, and under the Sales Service option of Schedules 31 and 32.

Background

Schedules 185 and 186 establish a bill credit (optimization credit) based on Oregon's share of revenue received by the Company for: a) interstate storage and related transportation services provided, b) core storage optimization activities, c) intrastate storage activities under Schedules 80 and 91, and d) optimization of core customer pipeline and storage capacity. In the Company's 2020 rate case, the stipulating parties agreed to change the delivery of this credit, which had historically been provided in June, to February. The lump sum February bill credit will be applied to customer bills commencing with the first billing cycle in February 2024 and ending in the last billing cycle in February 2024.

The bill credits will be calculated based on the customer's actual billed gas usage for the period November 1, 2022 through October 31, 2023. In order to receive the bill credits, a customer must have an active gas service account at the time of the customer's February 2024 billing cycle.

Schedule 185

The Schedule 185 credits represent the credit of the Oregon share of revenues NW Natural received for interstate storage and related transportation service activities under a Limited Jurisdiction Blanket Certificate granted under FERC Regulations, 18 C.F.R. 294.224, core storage optimization activities, and intrastate storage activities under Schedules 80 and 91. The credit of \$3,891,335 (before revenue sensitive effects) is comprised of \$3,855,974 from revenues for November 2022 through October 2023 activity, plus \$35,361 that is the residual remaining balance from the winter 2023 credits.

Schedule 185 amounts are calculated on an equal percentage of margin basis. The Schedule 185 credits will reduce February 2024 customer bills for average customer usage from the November 2022 through October 2023 period indicated as follows:

- The average Schedule 2 Residential Customer that used about 648 therms will see a bill credit of about \$4.49.
- The average Schedule 3 Commercial Customer that used about 3,330 therms will see a bill credit of about \$16.95.
- The average Schedule 31 Commercial Firm Sales customer that used about 35,947 therms will see a bill credit of about \$115.27.
- The average Schedule 32 Industrial Firm Sales customer that used about 242,821 therms will see a bill credit of about \$125.88.

Schedule 186

This filing also revises Schedule 186 to add the per-therm credits that will be credited for the Oregon share of revenues received from the Company's core pipeline and storage capacity optimization activities. The credit of \$16,905,283 (before revenue sensitive effects) is comprised of \$16,751,660 from revenues for November 2022 through October 2023 activity, plus \$153,623 that is the residual remaining balance from the winter 2023 credits.

The Schedule 186 credits apply across all sales-based rate schedules and is a credit of \$0.02281 per therm. The average February 2024 bill credit under Schedule 186 is as follows:

- Schedule 2 Residential \$14.79
- Schedule 3 Commercial \$75.96
- Schedule 31 Commercial Firm \$819.96
- Schedule 32 Industrial Firm Sales \$5,538.75
- Schedule 32 Industrial Interruptible Sales \$13,395.30

Combined Effects

In compliance with OAR 860-022-0025 NW Natural states that the combined effects of the Schedule 185 and Schedule 186 amounts is a credit to customers of \$20,796,618 (before revenue sensitive effects), which is comprised of \$20,607,634 from revenues for November 1, 2022 through October 31, 2023 activity plus, \$188,984 that is the residual remaining balance from the winter 2023 credits. As mentioned above, these credits will be provided to those customers with actual billed gas usage for the period November 1, 2022 through October 31, 2023 and have an active gas service account at the time of the customer's February 2024 billing cycle, therefore the number of customers affected is not known at this time. However, the number of customers expected to be affected is provided on page 1 of the enclosed Exhibit A.

The average bill effects of the Schedule 185 and Schedule 186 credits combined for the February time period are as follows:

- The average Schedule 2 Residential customer will see a bill credit of about \$19.27
- The average Schedule 3 Commercial customer will see a bill credit of about \$92.91.
- The average Schedule 31 Commercial Firm Sales customer will see a bill credit of about \$935.24.
- The average Schedule 32 Industrial Firm Sales customer will see a bill credit of about \$5,664.63.
- The average Schedule 32 Industrial Interruptible Sales customer will see a bill credit of about \$13,395.30.

Conclusion

The Company respectfully requests that the tariff sheets filed herein be approved to become effective with service on and after February 1, 2024.

Copies of this letter and the filing made herewith are available in the Company's main office in Portland, Oregon and on its website at www.nwnatural.com.

The Company waives paper service in this proceeding.

Please address correspondence on this matter to me with copies to the following:

eFiling
Rates & Regulatory Affairs
NW Natural
250 SW Taylor Street
Portland, Oregon 97204
Fax: (503) 220-2579
Phone: (503) 610-7330
eFiling@nwnatural.com

Sincerely,

/s/ Kyle Walker

Kyle Walker, CPA
Senior Manager, Rates and Regulatory Affairs
Phone: (503) 610-7051
kyle.walker@nwnatural.com

Attachments

EXHIBIT A

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

NW NATURAL SUPPORTING MATERIALS

NWN OPUC Advice No. 23-28, ADV ____

December 15, 2023

NW NATURAL

EXHIBIT A

Supporting Materials

NWN'S OPUC ADVICE NO. 23-28 / ADV _____

Description	Page
Effects on Average February Bill by Rate Schedule	1
Calculation of Increments Allocated on the Equal Percentage of Margin Basis	2
Calculation of Increments Allocated on the Equal Cent Per Therm Basis	3
Interstate Storage Services & Optimization 2022-23	4

NW Natural
Rates & Regulatory Affairs
Oregon Schedule 185 and Schedule 186 Credit for November 2022 - October 2023 Storage Activity
Effects on Average February Bill by Rate Schedule
 ALL VOLUMES IN THERMS

		Schedule 185		Schedule 186		Combined					
		2023	2023	2023	Proposed	Proposed	Proposed	Proposed	Proposed	Proposed	
	Therms in	Active Customer	Active	Average	Sch. 185	Sch. 185	Sch. 186	Sch. 186	Combined	Combined	
	Block	Volumes	Customers	Therms	Rates	Bill Credit	Rates	Bill Credit	Rates	Bill Credit	
Schedule	Block	A	B	C	D	E	F = E*D	G	H = G*D	I = E + G	J = I*D
2R		N/A	404,908,049	624,616	648.3	(\$0.00692)	(\$4.49)	(\$0.02281)	(\$14.79)	(\$0.02973)	(\$19.27)
3C Firm Sales		N/A	187,710,345	56,370	3,330.0	(\$0.00509)	(\$16.95)	(\$0.02281)	(\$75.96)	(\$0.02790)	(\$92.91)
3I Firm Sales		N/A	5,126,760	319	16,071.3	(\$0.00376)	(\$60.43)	(\$0.02281)	(\$366.59)	(\$0.02657)	(\$427.02)
27 Dry Out											
31C Firm Sales	Block 1	2,000	11,453,761	654	35,947.5	(\$0.00349)		(\$0.02281)		(\$0.02630)	
	Block 2	all additional	12,055,935			(\$0.00319)		(\$0.02281)		(\$0.02600)	
	Total						(\$115.27)		(\$819.96)		(\$935.24)
31C Firm Trans	Block 1										
	Block 2										
	Total										
31I Firm Sales	Block 1	2,000	3,644,258	180	65,254.5	(\$0.00248)		(\$0.02281)		(\$0.02529)	
	Block 2	all additional	8,101,555			(\$0.00224)		(\$0.02281)		(\$0.02505)	
	Total						(\$146.65)		(\$1,488.46)		(\$1,635.11)
31I Firm Trans	Block 1										
	Block 2										
	Total										
32C Firm Sales	Block 1	10,000	34,347,308	530	91,995.1	(\$0.00214)		(\$0.02281)		(\$0.02495)	
	Block 2	20,000	11,076,224			(\$0.00181)		(\$0.02281)		(\$0.02462)	
	Block 3	20,000	2,229,346			(\$0.00128)		(\$0.02281)		(\$0.02409)	
	Block 4	100,000	1,072,860			(\$0.00073)		(\$0.02281)		(\$0.02354)	
	Block 5	600,000	31,661			(\$0.00035)		(\$0.02281)		(\$0.02316)	
	Block 6	all additional	0			(\$0.00016)		(\$0.02281)		(\$0.02297)	
	Total						(\$113.86)		(\$2,098.41)		(\$2,212.26)
32I Firm Sales	Block 1	10,000	7,825,462	85	242,821.2	(\$0.00140)		(\$0.02281)		(\$0.02421)	
	Block 2	20,000	7,586,679			(\$0.00119)		(\$0.02281)		(\$0.02400)	
	Block 3	20,000	2,773,227			(\$0.00084)		(\$0.02281)		(\$0.02365)	
	Block 4	100,000	2,240,327			(\$0.00049)		(\$0.02281)		(\$0.02330)	
	Block 5	600,000	214,110			(\$0.00024)		(\$0.02281)		(\$0.02305)	
	Block 6	all additional	0			(\$0.00012)		(\$0.02281)		(\$0.02293)	
	Total						(\$125.88)		(\$5,538.75)		(\$5,664.63)
32 Firm Trans	Block 1										
	Block 2										
	Block 3										
	Block 4										
	Block 5										
	Block 6										
	Total										
32C Interr Sales	Block 1	10,000	4,602,400	47	520,934.9	\$0.00000		(\$0.02281)		(\$0.02281)	
	Block 2	20,000	6,764,748			\$0.00000		(\$0.02281)		(\$0.02281)	
	Block 3	20,000	3,885,302			\$0.00000		(\$0.02281)		(\$0.02281)	
	Block 4	100,000	5,977,703			\$0.00000		(\$0.02281)		(\$0.02281)	
	Block 5	600,000	3,253,788			\$0.00000		(\$0.02281)		(\$0.02281)	
	Block 6	all additional	0			\$0.00000		(\$0.02281)		(\$0.02281)	
	Total					\$0.00		(\$11,882.53)		(\$11,882.53)	
32I Interr Sales	Block 1	10,000	5,839,245	61	587,255.6	\$0.00000		(\$0.02281)		(\$0.02281)	
	Block 2	20,000	7,584,433			\$0.00000		(\$0.02281)		(\$0.02281)	
	Block 3	20,000	4,479,565			\$0.00000		(\$0.02281)		(\$0.02281)	
	Block 4	100,000	13,105,671			\$0.00000		(\$0.02281)		(\$0.02281)	
	Block 5	600,000	4,813,679			\$0.00000		(\$0.02281)		(\$0.02281)	
	Block 6	all additional	0			\$0.00000		(\$0.02281)		(\$0.02281)	
	Total					\$0.00		(\$13,395.30)		(\$13,395.30)	
32 Interr Trans	Block 1										
	Block 2										
	Block 3										
	Block 4										
	Block 5										
	Block 6										
	Total										
33											
Totals			762,704,400	682,862							

NW Natural
Rates & Regulatory Affairs
Oregon Schedule 185 and Schedule 186 Credit for November 2022 - October 2023 Storage Activity
Calculation of Increments Allocated on the EQUAL PERCENTAGE OF MARGIN BASIS
ALL VOLUMES IN THERMS

		2023-2024 PGA Rates							2023			Schedule 185 Credits		
		Active Customer	Billing Rate	WACOG & Demand Rates*	Temporary Increments	MARGIN Rate	Volumetric Margin	Customer Charge	Active Customers	Total Margin	Proposed Amount:	(\$3,891,335) Temporary Increment		
		Volumes								Revenue Sensitive Multiplier:	2.819% rev sensitive factor is built in			
										Amount to Amortize:	(\$4,004,204) All Sales 2, 3, 31, & 32 Firm Sale			
Schedule	Block	A	B	C	D	E=B-C-D	F = E * A	G	H	I = F + G*H	Multiplier	Allocation to RS	Increment	
											J	K	L	
2R		404,908,049	\$1.29519	\$0.54757	\$0.06135	\$0.68627	\$277,876,247	\$8.00	624,616	\$337,839,383	1.0	(\$2,803,940)	(\$0.00692)	
3C Firm Sales		187,710,345	\$1.08753	\$0.54757	(\$0.01882)	\$0.55878	\$104,888,787	\$15.00	56,370	\$115,035,387	1.0	(\$954,751)	(\$0.00509)	
3I Firm Sales		5,126,760	\$1.05830	\$0.54757	\$0.06884	\$0.44189	\$2,265,464	\$15.00	319	\$2,322,884	1.0	(\$19,279)	(\$0.00376)	
27 Dry Out														
31C Firm Sales	Block 1	11,453,761	\$0.75920	\$0.44732	\$0.00500	\$0.30688	\$6,895,173	\$325.00	654	\$9,445,773	1.0	(\$78,396)	(\$0.00349)	
	Block 2	12,055,935	\$0.73098	\$0.44732	\$0.00328	\$0.28038					1.0		(\$0.00319)	
31C Firm Trans	Block 1													
	Block 2													
31I Firm Sales	Block 1	3,644,258	\$0.74421	\$0.44732	\$0.06165	\$0.23524	\$2,578,856	\$325.00	180	\$3,280,856	1.0	(\$27,230)	(\$0.00248)	
	Block 2	8,101,555	\$0.72013	\$0.44732	\$0.06031	\$0.21250					1.0		(\$0.00224)	
31I Firm Trans	Block 1													
	Block 2													
32C Firm Sales	Block 1	34,347,308	\$0.67131	\$0.44732	\$0.06080	\$0.16319	\$7,416,360	\$675.00	530	\$11,709,360	1.0	(\$97,183)	(\$0.00214)	
	Block 2	11,076,224	\$0.64449	\$0.44732	\$0.05874	\$0.13843					1.0		(\$0.00181)	
	Block 3	2,229,346	\$0.59997	\$0.44732	\$0.05533	\$0.09732					1.0		(\$0.00128)	
	Block 4	1,072,860	\$0.55528	\$0.44732	\$0.05190	\$0.05606					1.0		(\$0.00073)	
	Block 5	31,661	\$0.52318	\$0.44732	\$0.04944	\$0.02642					1.0		(\$0.00035)	
	Block 6	0	\$0.50796	\$0.44732	\$0.04827	\$0.01237					1.0		(\$0.00016)	
32I Firm Sales	Block 1	7,825,462	\$0.62727	\$0.44732	\$0.05252	\$0.12743	\$2,133,895	\$675.00	85	\$2,822,395	1.0	(\$23,425)	(\$0.00140)	
	Block 2	7,586,679	\$0.60740	\$0.44732	\$0.05182	\$0.10826					1.0		(\$0.00119)	
	Block 3	2,773,227	\$0.57416	\$0.44732	\$0.05061	\$0.07623					1.0		(\$0.00084)	
	Block 4	2,240,327	\$0.54104	\$0.44732	\$0.04942	\$0.04430					1.0		(\$0.00049)	
	Block 5	214,110	\$0.51791	\$0.44732	\$0.04858	\$0.02201					1.0		(\$0.00024)	
	Block 6	0	\$0.50628	\$0.44732	\$0.04817	\$0.01079					1.0		(\$0.00012)	
32 Firm Trans	Block 1													
	Block 2													
	Block 3													
	Block 4													
	Block 5													
	Block 6													
32C Interr Sales	Block 1													
	Block 2													
	Block 3													
	Block 4													
	Block 5													
	Block 6													
32I Interr Sales	Block 1													
	Block 2													
	Block 3													
	Block 4													
	Block 5													
	Block 6													
32 Interr Trans	Block 1													
	Block 2													
	Block 3													
	Block 4													
	Block 5													
	Block 6													
33														
TOTALS		702,397,866					\$404,054,782		\$682,754	\$482,456,038	\$482,456,038	(\$4,004,204)		

Note: Allocation to rate schedules or blocks with zero volumes is calculated on an overall margin percentage change basis.
 * Since Billing Rates for rate schedules 31 and 32 do not include demand, column c for those schedules is WACOG only

NW Natural
Rates & Regulatory Affairs
Oregon Schedule 185 and Schedule 186 Credit for November 2022 - October 2023 Storage Activity
Calculation of Increments Allocated on the EQUAL CENT PER THERM BASIS
ALL VOLUMES IN THERMS

			Schedule 186 Credits			
1						
2			Proposed Amount:	(\$16,905,283) Temporary Increment		
3			Revenue Sensitive Multiplier:	2.819% add revenue sensitive factor		
4			Amount to Amortize:	(\$17,395,623) To All sales		
5				Multiplier	Volumes	Increment
6	Schedule	Block	A	B	C	D
7	2R		404,908,049	1.0	404,908,049	(\$0.02281)
8	3C Firm Sales		187,710,345	1.0	187,710,345	(\$0.02281)
9	3I Firm Sales		5,126,760	1.0	5,126,760	(\$0.02281)
10	27 Dry Out					
11	31C Firm Sales	Block 1	11,453,761	1.0	11,453,761	(\$0.02281)
12		Block 2	12,055,935	1.0	12,055,935	(\$0.02281)
13	31C Firm Trans	Block 1				
14		Block 2				
15	31I Firm Sales	Block 1	3,644,258	1.0	3,644,258	(\$0.02281)
16		Block 2	8,101,555	1.0	8,101,555	(\$0.02281)
17	31I Firm Trans	Block 1				
18		Block 2				
19	32C Firm Sales	Block 1	34,347,308	1.0	34,347,308	(\$0.02281)
20		Block 2	11,076,224	1.0	11,076,224	(\$0.02281)
21		Block 3	2,229,346	1.0	2,229,346	(\$0.02281)
22		Block 4	1,072,860	1.0	1,072,860	(\$0.02281)
23		Block 5	31,661	1.0	31,661	(\$0.02281)
24		Block 6	0	1.0	0	(\$0.02281)
25	32I Firm Sales	Block 1	7,825,462	1.0	7,825,462	(\$0.02281)
26		Block 2	7,586,679	1.0	7,586,679	(\$0.02281)
27		Block 3	2,773,227	1.0	2,773,227	(\$0.02281)
28		Block 4	2,240,327	1.0	2,240,327	(\$0.02281)
29		Block 5	214,110	1.0	214,110	(\$0.02281)
30		Block 6	0	1.0	0	(\$0.02281)
31	32 Firm Trans	Block 1				
32		Block 2				
33		Block 3				
34		Block 4				
35		Block 5				
36		Block 6				
37	32C Interr Sales	Block 1	4,602,400	1.0	4,602,400	(\$0.02281)
38		Block 2	6,764,748	1.0	6,764,748	(\$0.02281)
39		Block 3	3,885,302	1.0	3,885,302	(\$0.02281)
40		Block 4	5,977,703	1.0	5,977,703	(\$0.02281)
41		Block 5	3,253,788	1.0	3,253,788	(\$0.02281)
42		Block 6	0	1.0	0	(\$0.02281)
43	32I Interr Sales	Block 1	5,839,245	1.0	5,839,245	(\$0.02281)
44		Block 2	7,584,433	1.0	7,584,433	(\$0.02281)
45		Block 3	4,479,565	1.0	4,479,565	(\$0.02281)
46		Block 4	13,105,671	1.0	13,105,671	(\$0.02281)
47		Block 5	4,813,679	1.0	4,813,679	(\$0.02281)
48		Block 6	0	1.0	0	(\$0.02281)
49	32 Interr Trans	Block 1				
50		Block 2				
51		Block 3				
52		Block 4				
53		Block 5				
54		Block 6				
55	33					
56	TOTALS		762,704,400		762,704,400	(\$0.02281)

NW Natural
Rates & Regulatory Affairs
Oregon Schedule 185 and Schedule 186 Credit for November 2022 - October 2023 Storage Acti

Source: [Margin_Sharing_OR_Sch 185_and_186_2023.xlsx](#)

	TOTAL	Schedule 185	Schedule 186
Interstate Storage Services & Optimization 2022-23	(\$20,607,634.00)	(\$3,855,974.00)	(\$16,751,660.00)
Remaining balance from 2022 credit provided in 2023	(\$188,983.66)	(\$35,361.00)	(\$153,622.66)
Total for 2023 filing	(\$20,796,617.66)	(\$3,891,335.00)	(\$16,905,282.66)

NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

Fourteenth Revision of Sheet 185-1
Cancels Thirteenth Revision of Sheet 185-1

**SCHEDULE 185
SPECIAL ANNUAL INTERSTATE AND INTRASTATE
STORAGE AND TRANSPORTATION CREDIT**

PURPOSE:

To credit customers served under the below-listed Rate Schedules for the Oregon share of revenues received by NW Natural for (a) interstate storage and related transportation service provided under a Limited-Jurisdiction Blanket Certificate from FERC granted under FERC Regulations, 18 C.F.R. § 284.224 (hereafter referred to as § 284.224 service), (b) core storage optimization activities; and (c) intrastate storage activities under **Rate Schedule 80** and **Rate Schedule 91**.

APPLICABLE:

The credit under this Schedule shall apply to customer bills issued during the February billing cycle of each calendar year, or such other time period as the Commission may approve. The credit shall apply to the following Sales Service Rate Schedules of this Tariff: **Schedule 2, Schedule 3, and; Schedules 31 and 32 – Firm Sales** only.

CREDIT: **Effective Billing Cycles: February 2024**

The bill credit to be applied to Customer bills during the effective billing cycle will be calculated by multiplying the following per therm credit by the customer's actual gas usage billed during the period November 1, 2022 through October 31, 2023:

Rate Schedule/Class	Block	Temporary Adjustments		Schedule	Block	Temporary Adjustments	
2		(\$0.00692)					(N)
03 CSF		(\$0.00509)					(R)
03 ISF		(\$0.00376)					(R)
31 CSF	Block 1	(\$0.00349)		31 ISF	Block 1	(\$0.00248)	(R)
	Block 2	(\$0.00319)			Block 2	(\$0.00224)	(R)
32 CSF	Block 1	(\$0.00214)		32 ISF	Block 1	(\$0.00140)	(I) (R)
	Block 2	(\$0.00181)			Block 2	(\$0.00119)	(I) (R)
	Block 3	(\$0.00128)			Block 3	(\$0.00084)	(R) (R)
	Block 4	(\$0.00073)			Block 4	(\$0.00049)	(R) (R)
	Block 5	(\$0.00035)			Block 5	(\$0.00024)	(I) (I)
	Block 6	(\$0.00016)			Block 6	(\$0.00012)	(I) (I)

(continue to Sheet 185-2)

Issued date December 15, 2023
NWN OPUC Advice No. 23-28

Effective with service on
and after February 1, 2024

NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

Fourteenth Revision of Sheet 186-1
Cancels Thirteenth Revision of Sheet 186-1

SCHEDULE 186 SPECIAL ANNUAL CORE PIPELINE CAPACITY OPTIMIZATION CREDIT

PURPOSE:

To credit Sales Service Customers served under the below-listed Rate Schedules for the Oregon share of revenues received by NW Natural for the optimization of core customer Pipeline and Storage capacity.

APPLICABLE:

This credit shall apply to customer bills issued during the February billing cycle of each calendar year, or such other time period as the Commission may approve. The credit shall apply to the following Sales Service Rate Schedules of this Tariff:

Rate Schedule 2	Rate Schedule 3	(N)
Rate Schedule 31 ISF	Rate Schedule 32 CSI	
Rate Schedule 31 CSF	Rate Schedule 32 ISI	

CREDIT: **Effective Billing Cycle: February 2024**

The bill credit to be applied to Customer bills during the effective billing cycle will be calculated by multiplying the following per therm credit by the customer's actual gas usage billed during the period November 1, 2022 through October 31, 2023:

(\$0.02281) (C)

SPECIAL CONDITIONS:

1. NW Natural will share with customers served under the Rate Schedules listed above, the amount of net margin revenue that is attributable to optimization of core customer Pipeline and Storage capacity on an 90/10 basis; 10% will be retained by NW Natural, and 90% will be shared with customers through the credit provided for in this Schedule. For this purpose, net margin is defined as revenues less incremental operating and maintenance (O&M) expense.
2. The annual credit shall be based on the net margin as described in paragraph 1 above, and as filed with the Commission. This credit shall be applied to customers' bills, or placed in an interest bearing deferred account, on February 1 of each year, or at a date other than February 1 for reasons and on terms as the Commission may approve.
3. If the net margin for the year is negative (a loss) then the credit will be zero.
4. As provided under "OUT-OF-CYCLE TRANSFERS" provision set forth in Rate Schedules 31 and 32 a Customer that exercises the Capacity Release Option may only be eligible to receive one-half of the above-listed credit.

PRIOR YEAR BALANCES:

The Company will include any remaining balance from the prior year's credit in the calculation of the current year's credit.

GENERAL TERMS:

This Schedule is governed by the terms of this Schedule, the General Rules and Regulations contained in this Tariff, any other Schedules that by their terms or by the terms of this Schedule apply to service under this Schedule, and by all rules and regulations prescribed by regulatory authorities, as amended from time to time.

Issued date December 15, 2023
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Effective with service on and
after February 1, 2024